## Message Text

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INFO OCT-01 EUR-12 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-08 H-01 INR-10 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11 SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 AF-10 ARA-10 EA-10 NEA-11 NRC-05 IO-13 /173 W

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R 231123Z JUN 78 FM AMEMBASSY BRUSSELS TO SECSTATE WASHDC 7462 INFO ALL EC CAPITALS DOE WASHDC DOE GERMANTOWN

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E.O.11652: N/A TAGS: ENRG, EEC

SUBJECT: US-EC CONVERSATIONS REGARDING ASSISTANCE TO

-- LDC'S IN ENERGY AREA

REF: (A) BRUSSELS 10818 (B) BRUSSELS 11708 (NOTAL) (C) BRUSSELS 11100 (NOTAL)

1. SUMMARY: DISCUSSION WITH EC COMMISSION OFFICIALS ON ENERGY ASSISTANCE TO DEVELOPING COUNTRIES CONFIRMED THAT THE COMMISSION SERVICES ARE STILL IN AN EARLY STAGE OF FORMULATING A POSSIBLE PROGRAM FOR EC COUNCIL CONSIDERATION. COMMISSION OFFICIALS EXPRESSED INTEREST IN MANY OF THE CONCEPTS AND TECHNIQUES BEING CONSIDERED BY THE US. IN PARTICULAR, THEY AGREED ON THE NEED FOR AN OVERALL ASSESSMENT OF AN LDCS' ENERGY RESOURCES, NEEDS AND DEVELOPLIMITED OFFICIAL USE

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MENT OPTIONS AND FOR FULL HOST COUNTRY PARTICIPATION IN MAKING SUCH ASSESSMENTS. THEY FELT THIS MIGHT BE A GOOD AREA FOR FURTHER INFORMAL EXCHANGES OF VIEWS WITH THE US BUT NOTED THAT THE EC WOULD PROBABLY NOT WISH TO COOPERATE ON ACTUAL OPERATING PROGRAM UNTIL IT HAD FIRST ESTABLISHED ITS OWN ENERGY AID OPERATIONS. END SUMMARY.

2. STATE/OES OFFICIAL PROCHNIK AND DOE OFFICIAL BRADBURNE

RESPECTIVELY, WITH EC COMMISSION OFFICIALS REPRESENTING THE DIRECTORATE GENERALS FOR DEVELOPMENT (DG-VIII), FOR ENERGY (DG-XVII) AND FOR SCIENCE, RESEARCH, AND EDUCATION (DG-XII) REGARDING ASSISTANCE FOR DEVELOPING COUNTRIES IN THE ENERGY AREA. MR. PROCHNIK REVIEWED THE VARIOUS US PROGRAMS BEING PRESENTLY CARRIED OUT IN THE ENERGY AREA AND THOSE WHICH ARE BEING CONTEMPLATED FOR THE FUTURE, WHILE MR. BRADBURNE DESCRIBED THE CONCEPT OF AN ENERGY "SCIENTIFIC PEACE CORPS" AND THE POSSIBILITY OF EXPANDING IT INTO AN INTERNATIONAL COOPERATIVE EFFORT. 3. ROBERT COX, REPRESENTING DG-VIII, REVIEWED EUROPEAN COMMUNITY EFFORTS TO ASSIST LDC'S IN THE ENERGY AREA. THE EC, HE SAID, HAS CARRIED OUT SEVERAL LARGE ENERGY PROJECTS UNDER ITS AID AGREEMENTS. THERE HAS BEEN A RECENT SHIFT IN EMPHASIS ON SMALLER ENERGY PROJECTS, SUCH AS SOLAR GENERATORS, "MICRO-DAMS" AND "MINIPOWER" STATIONS. ALTHOUGH THE PROPOSAL FOR GREATER ENERGY COOPERATION WITH THE LDC'S WAS MADE BY COMMISSIONER FOR ENERGY BRUNNER, IT HAS NOW BEEN AGREED THAT COMMISSIONER FOR DEVELOPMENT CHEYSSON WILL HAVE THE PRIMARY RESPONSIBILITY IN PREPARING AN EC PROGRAM. HE IS TO WORK CLOSELY WITH COMMISSIONER FOR EXTERNAL AFFAIRS HAFERKAMP AND BRUNNER. COX FEELS IT WILL TAKE SOME TIME BEFORE AN ACCEPTABLE PROPOSAL WORKS ITS WAY THROUGH THE COMMISSION SERVICES FOR FORMAL APPROVAL BY THE EC COMMISSION AND SUBSEQUENT SUBMITTAL TO THE EC LIMITED OFFICIAL USE

HAD USEFUL EXCHANGES OF VIEWS ON JUNE 16 AND JUNE 21,

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COUNCIL FOR ADOPTION. THE FIRST DRAFT OF A PROPOSAL WAS JUDGED TO BE INSUFFICIENTLY "OPERATIONAL", AND COX AND OTHER OFFICIALS ARE TRYING TO FORMULATE A MORE PRECISE PROGRAM, INCLUDING SPECIFYING SOURCES OF FINANCING, TYPE OF ACTIVITIES AND IDENTIFICATION OF COUNTRIES WHERE THE PROGRAM WILL BE APPLIED. THE PRESENT PAPER, HE INDICATED, DOES NOT GO MUCH BEYOND THE GENERAL OUTLINE SUGGESTED BY BRUNNER (REF A).

4. COX SAID THAT CERTAIN PRINCIPLES APPEAR TO BE EMERGING FOR AN EC ENERGY PROGRAM FOR THE LDC'S. HE STRESSED THAT THESE HAVE NOT BEEN FORMALLY APPROVED. THEY INCLUDE:
(A) IN ADDITION TO HELPING THE ECONOMIC SITUATION IN THE LDC'S WHICH WILL BE PARTICULARLY HARD HIT BY FUTURE SHORTAGES OF PETROLEUM, THE DEVELOPED WORLD HAS A COMMON INTEREST IN HELPING THE LDC'S SOLVE THEIR ENERGY PROBLEMS TO AVOID A POSSIBLE FUTURE SCRAMBLE FOR OIL AND TO ASSURE THAT THEY WILL HAVE SUFFICIENT RESOURCES TO CONTINUE TO IMPORT FROM THE INDUSTRIALIZED COUNTRIES.

(B) IT IS PROBABLY BEST FOR THE EC TO BEGIN WITH COUNTRIES WITH WHICH IT ALREADY HAS AN INSTITUTIONALIZED AID RELATIONSHIP, SUCH AS THE ACP COUNTRIES AND SEVEN MEDITERRANEAN COUNTRIES. HOWEVER, LIMITED COOPERATION MIGHT BE

ENVISAGED WITH COUNTRIES SUCH AS INDIA, THE ASEAN STATES AND, CONCEIVABLY, SOME OF THE ARAB OIL PRODUCING STATES.

(C) THE FIRST STEP FOR ANY SERIOUS COOPERATION SHOULD BE TO GAIN AN OVERALL ASSESSMENT OF THE ENERGY RESOURCES IN A PARTICULAR COUNTRY AND ITS POTENTIAL ENERGY OPTIONS INCLUDING NUCLEAR ENERGY.

- (D) AFTER THE EC HAS ESTABLISHED AN AUTONOMOUS ENERGY AID OPERATION IN THE LDC'S, IT MIGHT ENVISAGE CLOSER COOPERATION WITH ENERGY AID PROGRAMS OPERATED BY THE IBRD, IEA AND OTHER AID DONORS.
- 5. REGARDING THE IEA ROLE, JEAN-CLAUDE RENAUD, DEPUTY
  TO DIRECTOR GENERAL FOR ENERGY WILLIAMS, DURING HIS
  MEETING WITH MR. BRADBURNE, EXPRESSED SOME CONCERN THAT
  THE US AND POSSIBLY OTHER BILATERAL PROGRAMS IN THE ENERGY
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R 231123Z JUN 78 FM AMEMBASSY BRUSSELS TO SECSTATE WASHDC 7463 INFO ALL EC CAPITALS DOE WASHDC DOE GERMANTOWN

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AREA WITH LDC'S MIGHT INTERFERE WITH THE IEA EFFORT IN THAT AREA. HE FELT THAT IF THE IEA DOES NOT GET INVOLVED IN ENERGY COOPERATION WITH THE LDC'S, IT WILL LOSE ONE OF ITS POTENTIALLY MOST IMPORTANT REMAINING ROLES. OTHER EC COMMISSION OFFICIAL ALSO COMMENTED THAT THE LDC'S AND THE IEA APPEAR EAGER TO GET INTO ENERGY RESEARCH AND DEVELOPMENT COOPERATION, BUT THAT THE IEA'S ROLE IN R & D COOPERATION MAY BE WEAKENED BY THE APPARENT TENDENCY OF DEVELOPED COUNTRIES TO CONCLUDE BILATERAL R & D PROGRAMS ON A BILATERAL BASIS.

6. THE EC COMMISSION OFFICIALS EXPRESSED APPRECIATION FOR THE INFORMATION ON THE US APPROACH TOWARD ENERGY PROGRAMS FOR THE LDC'S AS THE EC TRIES TO FORMULATE ITS OWN PROGRAMS IN THIS AREA. THEY FELT THAT MANY OF THE ELEMENTS IN THE US PROGRAMS WOULD BE USEFUL FOR THE EC. THEY LIMITED OFFICIAL USE

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SHOWED INTEREST IN THE US IDEA OF A "SCIENTIFIC PEACE CORPS" BUT WERE RESERVED REGARDING EC COOPERATION IN AN INTERNATIONAL ENDEAVOR. THE COMMISSION OFFICIALS THOUGHT THAT IF THEY SUCCEED IN FORMULATING THE GENERAL BASIS FOR AN ENLARGED COMMUNITY PROGRAM IN ENERGY ASSISTANCE IN THE NEAR FUTURE, SUBSEQUENT DISCUSSIONS OF AREAS OF POSSIBLE COOPERATION BETWEEN THE US AND THE EC MIGHT BE USEFUL. DURING THE US-EC SEMI-ANNUAL CONSULTATIONS NEXT FALL IT MIGHT BE APPROPRIATE, THEY THOUGHT, TO INCLUDE CONSIDERATION OF SUCH COOPERATION UNDER THE USUAL AGENDA ITEM ON ENERGY

7. COMMENT: THE VISITS BY MESSRS. PROCHNIK AND BRADBURNE WERE USEFUL AND TIMELY. THE COMMISSION SERVICES ARE GROPING FOR IDEAS ON POSSIBLE ASSISTANCE PROGRAMS FOR DEVELOPING COUNTRIES AND ARE UNDER PRESSURE FROM BOTH THE MEMBER STATES AND THE COMMISSION TO COME UP SOON WITH A SUITABLE PROGRAM. THEY APPEAR TO FEEL THAT MANY OF THE CONCEPTS ADOPTED BY THE US MAY BE APPLICABLE FOR THE EC. WE BELIEVE THIS MAY BE A USEFUL AREA FOR FURTHER EXCHANGES OF VIEWS AND POSSIBLY FOR AN EVENTUAL COOPERATIVE EFFORT. HINTON

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## Message Attributes

Automatic Decaptioning: X Capture Date: 01 jan 1994 Channel Indicators: n/a

**Current Classification: UNCLASSIFIED** 

Concepts: TECHNICAL ASSISTANCE, ENERGY, LESS DEVELOPED COUNTRIES, NEGOTIATIONS

Control Number: n/a Copy: SINGLE Draft Date: 23 jun 1978 Decaption Date: 01 jan 1960 Decaption Note: Disposition Action: RELEASED Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW

Disposition Date: 20 Mar 2014 Disposition Event:

Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978BRUSSE12392
Document Source: CORE
Document Unique ID: 00

**Document Unique ID: 00** Drafter: n/a

Enclosure: n/a Executive Order: N/A Errors: N/A

**Expiration:** Film Number: D780262-0322 Format: TEL

From: BRUSSELS USEEC Handling Restrictions: n/a

Image Path: ISecure: 1

Legacy Key: link1978/newtext/t19780627/aaaaaxhn.tel Line Count: 212

Litigation Code IDs: Litigation Codes:

Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: de91a182-c288-dd11-92da-001cc4696bcc

Office: ACTION OES

Original Classification: LIMITED OFFICIAL USE Original Handling Restrictions: n/a Original Previous Classification: n/a Original Previous Handling Restrictions: n/a

Page Count: 4
Previous Channel Indicators: n/a

Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 BRUSSELS 10818, 78 BRUSSELS 11708, 78 BRUSSELS 11100

Retention: 0

Review Action: RELEASED, APPROVED Review Content Flags:

Review Date: 05 may 2005 **Review Event:** Review Exemptions: n/a

**Review Media Identifier:** Review Release Date: N/A Review Release Event: n/a **Review Transfer Date:** Review Withdrawn Fields: n/a

SAS ID: 2232980 Secure: OPEN Status: NATIVE

Subject: US-EC CONVERSATIONS REGARDING ASSISTANCE TO -- LDC\'S IN ENERGY AREA

TAGS: ENRG, EEC

To: STATE Type: TE

vdkvgwkey: odbc://SAS/SAS.dbo.SAS\_Docs/de91a182-c288-dd11-92da-001cc4696bcc

Review Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014

Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014